

**The City of Lynchburg  
Review of Bank One Credit Card Purchases  
City Attorney's Office  
December 10, 2004**



**Prepared by the Department of Internal Audit**

## ***Introduction***

The Department of Internal Audit performs reviews of charge card purchases throughout the City on a routine basis. These audits are performed on records of departments or sub-departments that are selected with the goal of providing city-wide coverage and continuous monitoring of the expenses.

Departments are responsible for printing individual monthly statements from Bank One's electronic report generation system, reconciling receipts/charge slips to the monthly transactions on the statements and submitting monthly Bank One payment forms with reconciled expenditures and distribution codes to Accounts Payable in Financial Services. Our audit of Bank One expenditures of the City Attorney's Office was performed as one of the regularly scheduled standard audits on the annual internal audit plan.

## ***Review Objectives***

The purpose of the review was to determine that:

- Charges are supported by an invoice;
- Invoices and/or statements are properly approved;
- Receiving documents are present (where applicable);
- Charges and payments are appropriate and accurately recorded;
- Card authorization forms are on file for employees; and
- Disputed charges and/or returns are resolved in a timely manner

## ***Scope of Work***

We interviewed personnel in the City Attorney's Office and reviewed support documentation for transactions posted on the reporting system during the period of 7/27/04 through 10/26/04. We tested 100% transactions for that period. We also determined the accuracy of accounting codes and the payments to Bank One for monthly departmental charges, and verified that signed employee authorization forms were on file in Procurement

The audit was conducted in accordance with professional internal auditing and generally accepted governmental auditing standards specified in the City's Internal Audit Charter and, accordingly, included such tests of records and other audit procedures as were considered necessary in the circumstances.

The Internal Audit Department is free from organizational impairments to independence in our reporting as defined by government auditing standards. We report directly to an

audit committee and, administratively to the city manager and are organizationally outside the staff or line management function of the areas we audit.

### ***Opinion On Internal Controls***

The objectives of a system of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management authorization and are properly recorded.

Based on our review, we concluded that the system of internal controls provides reasonable assurance that assets are safeguarded and transactions were made in accordance with City policy.

### ***Audit Conclusions***

#### **Based on the results of our review, we conclude that...**

- Expenditures were adequately supported by an invoice;
- There was no approval signature from the City Attorney on the transaction review;
- Receiving documentation was on file;
- Charges were reasonable;
- Transactions were accurately recorded;
- Card authorization forms were on file for employees except for those noted in the Observations and Suggestions section of this report; and
- Disputed charges and/or returns were resolved in a timely manner.

### ***Observations and Suggestions***

1. There was no signature on the transaction review indicating that the credit card coordinator's supervisor reviewed and approved the statement.

**Suggestion:** The City Attorney should review, initial and date the transaction review.

2. There was no "Acknowledgement of Responsibilities" form on file in Procurement for 1 of the 10 employees.

(The form was misplaced in Procurement. A new form has been signed by the employee.)

Other Comments:

We appreciate the time and assistance received from and the department's Bank One Coordinator, Carole Bowen, during this review. We are available to discuss this report should there be any questions or concerns regarding the reported issues.

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Carol J. Bibb

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